

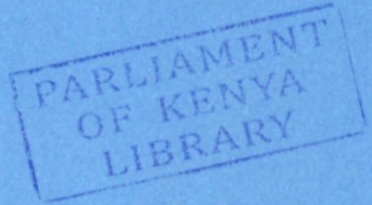
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**



THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 07 MAR 2024

DAY: *TRUES*

**OF**

TABLED BY: *Hon Naomi Waco, mp  
Deputy Majority Whip  
A. Shubuta*

**THE AUDITOR-GENERAL**

**ON**

**STAFF HOUSE MORTGAGE AND  
CAR LOAN SCHEME**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

**UNCLAIMED FINANCIAL ASSETS  
AUTHORITY**



Unclaimed Financial Asset Authority Staff House Mortgage and Car Loan Scheme  
Annual Report and Financial Statements  
For the Year ended 30<sup>th</sup> June 2023



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
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**UNCLAIMED  
FINANCIAL  
ASSETS  
AUTHORITY**

UNCLAIMED FINANCIAL ASSETS AUTHORITY

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STAFF HOUSE MORTGAGE AND CAR LOAN SCHEME

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30<sup>TH</sup> JUNE 2023

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Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

Unclaimed Financial Asset Authority Staff House Mortgage and Car Loan Scheme  
Annual Report and Financial Statements  
For the Year ended 30<sup>th</sup> June 2023

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## 1. Key Entity Information and Management

### a. Background Information

The Unclaimed Financial Assets Authority (UFAA/ the "Authority") was created under the Unclaimed Financial Assets Act, No. 40 of 2011 (the "Act") to administer unclaimed financial assets. The Board of Directors was gazetted under Legal Notice No.16272 of 9th November 2012.

The Authority set up the UFAA Staff House Mortgage and Car Loan Scheme in the year 2018.

### b. Principal Activities

The principal activity of this scheme is to provide loans for the purchase or development of residential property or equity release for improvement of a residential premises by UFAA staff and to help employees of the Authority acquire a motor vehicle as defined under the Traffic Act CAP 403. The Scheme is administered by an Administrator. There is a committee charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, managing the revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the scheme.

The scheme administrator is responsible for the day-to-day operations of the scheme.

### c. Committee of the Scheme

Members of the committee who held office during the financial year ended 30 June 2023 were:

No	Name	Designation	Status
1	Leonard Langat	Senior Accountant	Chairman
2	Godfrey Wambugu	Senior Legal Officer	Member
3	Jane Gicheru	Human Resource Officer	Secretary
4	Paul Muya	Senior Communication officer	Member
5	Gideon Nzioki	Senior Auditor -Holders	Member

### d. Scheme Administrator

The Scheme is administered by HFC Bank, which is a subsidiary of the HF Group. HF Group is an integrated financial solutions provider that is registered as a non-operating holding company (under the Banking Act Cap.488) and regulated by the Central Bank of Kenya (CBK).

### e. Fiduciary Oversight Arrangements

#### UFAA Management

UFAA Management is responsible for recommending of the mortgage rules and policies for Board approval. They are also responsible for reviewing the Committee's operations in managing the scheme.

#### Management Board oversight

The Board of Directors has the overall oversight responsibility of the Authority. As detailed in the section on corporate governance, this responsibility is administered through various committees of the Board that have specific roles, including: the finance and human resource committee; audit, risk and governance committee, technical and investment committee and strategy& efficiency committee.

## Parliamentary Committees

The following Parliamentary Committees also have fiduciary oversight responsibilities over the Authority's operations; the Parliamentary Budget Committee oversees budgeting; the Parliamentary Investment Committee oversees investment decisions, and the Parliamentary Accounts Committee oversees financial accountability.

- f. UFAA Headquarters**  
2nd Floor, Pacis Centre  
Slip Road, off Waiyaki way, Westlands.  
P O Box 28235 - 00200  
Nairobi, Kenya
- g. UFAA Contacts**  
Telephone: +254 020 4023000, +254 706 866 984 / +254 736 559 152  
E-mail: [info@ufaa.go.ke](mailto:info@ufaa.go.ke)  
Website: [www.ufaa.go.ke](http://www.ufaa.go.ke)
- h. Scheme Bankers**  
HF - Rehani House  
Koinange street/Kenyatta Avenue  
P.O Box 30088 - 00100  
Nairobi, Kenya
- i. Independent Auditors**  
The Auditor General  
Office of the Auditor General (OAG)  
Anniversary Towers, Loita Street  
P.O Box 30084 – 00100  
Nairobi, Kenya
- j. Principal Legal Adviser**  
The Attorney General  
State law office  
Harambee avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**UFAA Corporation Secretary/Head of Legal Services**  
David Kamau  
Unclaimed Financial Assets Authority

## 2. Board of Directors of the Authority

	<p><b>Hon. Dr. CPA Francis K. Njenga – Chairman of the UFAA Board of Directors</b></p> <p>Hon. Dr. CPA Francis Kigo Njenga is the Chief Executive Officer at Regional Africa Consultants Limited and the Lead Consultant for Management and Business Division.</p> <p>Prior to the current appointment, Hon. Kigo served as a County Executive Committee Member (CECM) in charge of Trade, Industry, Investments, Tourism and Cooperative development in Kiambu County and at Finance, ICT and Economic Planning dockets. He is a former Member of Parliament for Gatundu North Constituency. During his term in the National Assembly, he served on the Budget and Appropriation Committee, and the Committee on Lands.</p> <p>He holds a doctorate degree in Social Transformation and Entrepreneurship from Catholic University of Eastern Africa, a Master of Business Administration from the University of Nairobi, Bachelor of Science -Business Administration degree (Accounting and Finance) from United States International University and accounting professional qualification from Strathmore College.</p> <p>Hon Kigo is a Certified Public Accountant with over 29 years career in accounting and auditing which began at Mbaya and Associates. He has also worked at Waithaka Mwangi &amp; Co. Certified Accountants, Central Finance (K) Limited, Ernest &amp; Young, and at Regional Africa Consultants Limited.</p> <p>Born in 1961, Hon Njenga was appointed as member and Chairman of the Board on February 10, 2023.</p>
	<p><b>Richard Kiplagat – Chairman of the UFAA Board of Directors</b></p> <p>Richard is the Chief Operating Officer at Africa practice, a Pan African Strategic Communications Advisory Group. He leads Africa practice operations across the group offices in London, Dar es Salaam, Perth, Casablanca, Johannesburg, Lagos, and Nairobi. In addition, he is the Senior Stakeholder Advisor to business and government leaders particularly in the infrastructure, energy, oil and gas sectors.</p> <p>Richard was the Head of Global Strategic Alliances at Microsoft Africa for five years and was responsible for managing Microsoft's strategic engagements with development partners and inter-governmental organisations across 47 countries in sub-Saharan Africa and the Indian Ocean Island. Before joining Microsoft, Richard was the East African Regional Manager for SAP.</p> <p>Richard is a frequent contributor to both print and electronic media on Pan African issues and has spoken at conferences and facilitated panel discussions on a wide range of subjects.</p> <p>Richard has sat on the boards of several organisations including, Kenya ICT Federation where he was Vice Chair, Kenya ICT Village, Kenya ICT Board, Kenya Youth Business Trust (Chairman), Allavida, The Warren Enterprises (Chairman) and Kenya National Chamber of Commerce.</p> <p>Born in 1969, Richard was re-appointed as Board Chair on 6<sup>th</sup> July 2019. His term ended on 10<sup>th</sup> February 2023</p>



**Prof. Njuguna Ndung'u, CBS - Cabinet Secretary – Non-Executive Director**

Prof. Njuguna Ndung'u is the Cabinet Secretary, National Treasury & Economic Planning. He was appointed Cabinet Secretary by President William Samoei Ruto on September 27, 2022. Prior to the current appointment, Prof. Ndung'u was serving as the Executive Director of the African Economic Research Consortium (AERC), a Pan African premier capacity building network of researchers, trainers, students, universities, policy makers and international resource persons. He is an associate professor of economics at the University of Nairobi, Kenya and a former Governor of the Central Bank of Kenya.

Prof. Ndung'u has been a member of the Global Advisory Council of the World Economic Forum, Visiting Fellow of Practice at Blavatnik School of Government, Oxford University, Director of Training at AERC, Program specialist at IDRC and Team Leader in Macro-modelling at the Kenya Institute for Public Policy Research and Analysis. He holds a PhD in economics from University of Gothenburg, Sweden. He is a Member of Brookings Africa Growth Initiative, Member of the Advisory Committee of the Alliance for Financial Inclusion, that coordinates financial inclusion policies in Africa, Asia and Latin America, and Senior Advisor for the UNCDF-based Better Than Cash Alliance.

Born in 1960, Prof Ndung'u is a member of the Board as per the Unclaimed Financial Assets Act as read in line with the Treasury Act.



**Hon. Amb. Ukur Yatani Kanacho - Cabinet Secretary, The National Treasury**

Hon. Amb. Ukur Yatani Kanacho has over 27-year experience in public administration, politics, diplomacy and governance in public sector since 1992.

In January 2018, he was appointed the Cabinet Secretary for Labour and Social Protection. Between the years 2006-2007 while Member of Parliament for North Horr constituency, he also served as an Assistant minister for science and technology. At the height of his career (March 2013-August 2017), he served as a pioneer Governor of Marsabit County. Between June 2009 and October 2012, he served as Kenya's Ambassador to Austria with Accreditation to Hungary and Slovakia and Permanent Representative to the United Nations in Vienna. Between 1992—2015, he served in different positions in Kenya's Public Administration including a District Commissioner, where sharpened his management and administrative skills. He holds a Master of Arts in Public Administration and Public Policy, University of York, United Kingdom, 2005; and Bachelor of Arts in Economics, Egerton University, Kenya, 1991.

He was appointed Cabinet Secretary, The National Treasury in January 2020, a position he held until 27<sup>th</sup> September 2022.



**Mr. Daniel M. Mutua – Alternate Director to the CS, The National Treasury**

Daniel is a Senior Deputy Director, Investment in the National Treasury.

He holds a Bachelor of Education (Economics/Business)-Kenyatta University (1991) and MBA-ESAMI/Maastricht (2006) and is a Registered Certified Investment and Financial Analyst (CIFA). Mr. Mutua has undergone Intensive training in many areas such as Investment appraisal, Enterprise Risk Analysis, Corporate Governance, Performance Management, Project management, Procurement, Public Finance and holds several certificates on Public Private Partnerships from IP3 Institute, in Washington DC-USA.

He has over 31 years public sector experience in various Ministries including-TSC, Ministry of Labour, Office of the Vice President, Culture & National Heritage and currently in the National Treasury-Directorate of Public Investments and Portfolio management. He has previously served as an Alternate Director in the Boards of ICDC, EPZA, WSTF, NBA, KNAC (2001) Ltd, and University of Eldoret Council.

Born in 1967, Daniel was appointed in November 2012 as an Alternate Director to the CS, The National Treasury until May 2023



**Mr. Joseph Kimemia – Alternate Member to the PS, The National Treasury**

CPA Joseph Kimemia is a highly accomplished professional in the field of public Finance Management. He is a Deputy Director, Budget, at the National Treasury. He has over 18 years of experience in Public Finance Management (budgeting, financial analysis, and strategic planning) at the National Treasury.

He holds an Executive MBA from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a degree in Economics and Statistics from Egerton University. Mr. Kimemia is a Certified Public Accountant (CPA).

Mr. Kimemia was appointed as an alternate to the Principal Secretary, National Treasury, in the Board on May 8, 2023.



**Mr. Peter Ng'ang'a Kanyua - Non-Executive Director**

Peter is an accomplished business leader in Kenya and USA markets running into insurance, security exchange, real estate, IT, security and betting. He began his career as an Investment Consultant in the commodities and derivatives market at the New York stock Exchange (NYSE), National Association of Stock Dealers Association (NASDAQ) and the Chicago Board of Exchange.

With 18 years-experience, Peter has held several senior positions at John Power Ltd, EBET (K) Limited, Energy Tech Africa Limited, SENACA Security Limited among others. He received his undergraduate degree from the Baruch College, City University of New York in Finance and Economics.

Born in 1966, Peter was re-appointed as a member of the Board in September 2021.



**Mr. Mwai wa Kihu - Non-Executive Director**

Mwai wa Kihu is an Investment and Management consultant. He has a wealth of experience in Group Savings and Investment Management, Capital Markets Investments and Portfolio Management.

He is currently the CEO and founder of Kenya Productivity Institute, an Investment, Management and Training consultancy. He is a founding member of several organizations such as the Kenya Association of Investment Groups, Fechim Investments Limited and Amalgamated Chama Limited, where he serves as a director. He is a Fellow and Life Member of Kenya Institute of Management (KIM), Member of the Institute of Certified Investment and Financial Analysts (ICIFA), Institute of Directors (IOD) and Institute of Economic Affairs (IEA) and the East African Kennel Club.

He serves as Chairman, Board of Management (BOM) of Empakasi Secondary School in Kajado North Sub County, and Friends of Oloolua Forest and a member of the Institutional Scientific and Ethical Review Committee at Kenya's Institute of Primate Research (IPR).

He has previously served as a director of the Capital Markets Authority (CMA); Retirement Benefits Authority (RBA); a member of the Governing Council for the Kenya Institute of Management (1983 – 2008) and the Marketing Society of Kenya (1998-1999).

He holds a Bachelor of Technology (B. Tech.) degree from Bradford University, UK, (1977) and an MBA from the United States International University – Africa (1983).

Born in 1952, Mwai was appointed to the Board on July 13, 2022.



**Mr. Njoroge Ng'ang'a- Non-Executive Director**

Njoroge Ng'ang'a is a C-Suite Level Executive with a remarkable professional legacy and a rich leadership history that spans over 30 years in the East African region. He currently serves as the Executive Director for Progressive Heritage, a family-owned group of businesses specializing in agri-business and real estate.

Prior to his current role, Njoroge served as the CEO of Home Afrika between 2013 and 2015. In the earlier years, Njoroge worked as an expatriate in Uganda where he held numerous senior leadership positions. These include General Manager at Dyer & Blair Uganda and DFCU Bank Uganda, Country Manager at Africa Online Uganda, and Head of Investments, Housing Finance Bank of Uganda.

Njoroge is also a member of the CFA Institute of East Africa and the Institute of Directors in Kenya. He holds an MSc in Financial Management from the University of London, and an undergraduate degree in Accounting & Financial Management from Ohio Wesleyan University. He also qualified with the California State Board of Accountancy.

Born in 1963, Njoroge was appointed to the Board on July 13, 2022.



**Mrs. Grace Tole- Non-Executive Director**

Mrs. Grace Tole is a career banker with over 30 years of experience in Banking Operations and Management and is currently an independent consultant. She has held senior management positions at Citibank NA Kenya, Victoria Commercial Bank and M- Oriental Commercial Bank, Nairobi.

Mrs. Tole holds a Master of Business Administration Degree in International Management from Thunderbird Graduate School, University of Arizona USA, and a Bachelor of Arts (Honours) from the University of Nairobi.

Born in 1953, Grace was appointed to the Board on July 13, 2022



**FA John K. Mwangi, EBS - CEO of UFAA & Managing Trustee**

John is the CEO of the Authority & Managing Trustee of the Trust Fund.

Prior to his appointment as CEO and Managing Trustee, he was the Manager, Unclaimed Financial Assets Line at UFAA, a position he held for four years.





John has served for over 20 years in several financial institutions within investment and a commercial banking. He joined the Authority in April 2015 from Bank of Africa (BOA) where he was a Relationship Manager in institutional banking. Prior to joining BOA, Mr. Mwangi also worked at African Alliance Investment Bank, Old Mutual Asset Managers and ICEA Asset Managers.

John is a Certified Investment and Financial Analyst and Member of the Institute of Certified Investment and Financial Analysts (ICIFA). He is also a member of Kenya Institute of Management (KIM). He holds an Executive MBA from Strathmore Business School and underwent a Modular course on Corporate Entrepreneurship and Global Strategy at IESE Business School, University of Navarra in Barcelona. John is a Certified Trustee by College of Insurance and holds an undergraduate degree in Economics and Business Studies from the University of Nairobi.

Born in 1977, John was re-appointed as the CEO & Managing Trustee on 1 March 2022.

### 3. Management Team

Name	Designation
<p data-bbox="161 421 437 450">FA. John Kihara Mwangi, EBS</p> 	<p data-bbox="603 421 997 450"><b>Chief Executive Officer &amp; Managing Trustee</b></p> <p data-bbox="603 479 1522 568">John is the CEO of the Authority &amp; Managing Trustee of the Trust Fund. He has the responsibility to oversee the overall day to day management of the Authority, including all the projects and schemes set up within UFAA.</p> <p data-bbox="603 602 1522 663">Prior to his appointment as CEO and Managing Trustee, John was the Manager, Unclaimed Financial Assets Line at UFAA since April 2015.</p> <p data-bbox="603 696 1331 725">He was re-appointed as the CEO &amp; Managing Trustee with effect from 1<sup>st</sup> March 2022.</p>
<p data-bbox="161 848 464 878">Mrs. Caroline Chepkurui Chirchir</p> 	<p data-bbox="603 848 1002 878"><b>Manager Human Resource &amp; Administration</b></p> <p data-bbox="603 909 1522 999">Caroline is responsible for the facilitation, co-ordination and implementation of human resource and administration policies, strategies and systems and provision of a conducive working environment for the Authority.</p> <p data-bbox="603 1032 1522 1122">Caroline also acted as CEO of UFAA following appointment on 1<sup>st</sup> November 2018 until 28<sup>th</sup> February 2019. She joined the Authority in October 2016 following a successful career in Human resource management and consultancy at institutions in the manufacturing and financial services sector.</p>
<p data-bbox="161 1198 395 1227">Mr. David Mwangi Kamau</p> 	<p data-bbox="603 1198 1023 1227"><b>Corporation Secretary/Head of Legal Services</b></p> <p data-bbox="603 1258 1458 1288">David is responsible for the Legal, Governance and Corporation Secretary functions of the Authority.</p> <p data-bbox="603 1321 1522 1382">As a legal and corporate governance professional with over 20 years' experience, he has held senior management roles in the private and public sectors in Kenya. He joined UFAA on 1<sup>st</sup> November 2021.</p> <p data-bbox="603 1415 1522 1476">David is a Member of the Law Society of Kenya, the Institute of Certified Public Secretaries of Kenya and the Chartered Institute of Arbitrators (London &amp; Kenya)</p>
<p data-bbox="161 1574 448 1603">Mr. Francis Mathenge Muchina</p> 	<p data-bbox="603 1574 719 1603"><b>Manager ICT</b></p> <p data-bbox="603 1635 1522 1695">Francis is responsible for Planning, developing, coordinating and ensuring delivery of the Authority's ICT strategy and needs.</p> <p data-bbox="603 1729 1522 1789">Francis joined the Authority in April 2015 following distinguished service in many public sector institutions including the National Treasury and Kenya Forestry Research Institute (KEFRI).</p>

Name	Designation
<p data-bbox="150 389 371 416"><b>CPA Pius Kibet Kimutai</b></p> 	<p data-bbox="592 389 900 416"><b>Manager Audit, Risk&amp; Assurance</b></p> <p data-bbox="592 450 1517 539">Pius is responsible for ensuring the effective operation of the internal audit function. The role is also responsible for ensuring that UFAA has a Risk Management Strategy in place with appropriate systems to identify and mitigate identified risks.</p> <p data-bbox="592 573 1517 633">Pius joined the Authority in August 2015, following long service in academia in various schools and in different capacities in Accounting and Audit at Postbank.</p>
<p data-bbox="150 754 395 781"><b>Jack Owino Gumboh, PhD</b></p> 	<p data-bbox="592 754 799 781"><b>Manager Procurement</b></p> <p data-bbox="592 815 1517 875">Jack is responsible for procurement and supply function and overseeing aspects of purchasing, negotiations and management of the procurement of goods, works and services in line with the law.</p> <p data-bbox="592 909 1517 969">Jack joined the Authority in December 2017 having served in various capacities in Supply Chain management in many public and private sector institutions.</p>
<p data-bbox="150 1090 376 1117"><b>CPA Beatrice Chelangat</b></p> 	<p data-bbox="592 1090 1046 1117"><b>Acting Manager Unclaimed Financial Assets Line</b></p> <p data-bbox="592 1151 1517 1211">Beatrice is responsible for overall management of the Unclaimed Financial Assets Trust Fund, including overseeing compliance by holders, investment of received funds and re-unification to the rightful owners.</p> <p data-bbox="592 1245 1517 1305">Beatrice joined the Authority as a Senior Auditor (Claims) in September 2015 after long service in financial management at various institutions including EACC. She was appointed as Ag Manager UFAL in March 2019.</p>
<p data-bbox="150 1464 416 1491"><b>CPA Henry Taabu Nyegeny</b></p> 	<p data-bbox="592 1464 908 1491"><b>Manager Finance and Accounting</b></p> <p data-bbox="592 1525 1517 1615">Henry is responsible for managing the Authority's financial operations and ensuring that there is efficient utilization of financial resources within established policies of the Authority. He is also responsible for financial accounting and reporting, cash and bank operations and tax management.</p> <p data-bbox="592 1648 1517 1738">Henry joined the Authority in July 2015 having served in risk management&amp; audit, investment management, financial analysis, treasury management and budget management in public sector institutions in the energy, health and infrastructure sector.</p>

#### 4. Chairman's Report

Unclaimed Financial Assets Authority is committed towards continuously improving the welfare of its staff through implementation of various products such as UFAA Staff Mortgage and Car Loan Scheme. The Scheme has been in existent for the last 4 years and is implemented in line with Salaries and Remuneration Commission Guidelines. The benefits derived contribute to attraction and retention of staff.

The National Treasury approved seed capital of Ksh 250 million to Staff House mortgage and car loan scheme the scheme. UFAA appreciates the support of the Government through the National Treasury. The uptake of the mortgage and car loan has been on an increase and the Authority continue to review the products available to ensure optimal uptake of the facility. Some of the products introduced include equity release, plot purchase, and buy and build, Car loan among others.

The governance and management of the scheme is as set out in the loan entitlement and conditions stipulated in the Staff Mortgage and Car Loan Scheme Policies and Regulations and as per the guidelines issued by Salaries and Remuneration Commission.

I urge all staff to utilize the opportunity to improve on their wellbeing as well as that of their families. I further wish to state the uptake of the facility has a direct effect in supporting the Government's Bottom-Up Economic Transformation Agenda (BETA).



**Hon. Dr. CPA Francis Kigo Njenga**  
**CHAIRMAN, UFAA BOARD OF DIRECTORS.**

## 5. Report of the Chief Executive Officer

The Staff Mortgage and Car Loan Scheme is established and governed in line with existing Government regulations. In this regard, the UFAA hereby presents the financial statements of the Staff Mortgage and Car Loan Scheme for the year ended 30<sup>th</sup> June 2023. The Financial Statements presented comprise of the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Net Assets and Statement of Cashflows.

The Authority ensures prudent financial management and reporting in line with Public Finance Management Act (PFMA)2012, Public Financial Regulations, 2015 and International Public Sector Accounting Standards (IPSAS). As a result, the administration of the scheme has been efficient and effective in meeting the intended purpose.

The implementation and administration of the scheme is overseen by a Staff Mortgage and Car Loan Scheme Committee in liaison with external professional service providers. The Committee meets regularly to consider loans applications and make recommendations for management approval. The board approved seed capital of KSh 250 million through concurrence of The National Treasury. As at the period under review, Ksh 249.61 million had been transferred to HF bank who are the administrators of the scheme.

During the period under review, the total amount disbursed during the financial year under review to facilitate staff mortgage was Ksh. 33 million while car loans issued were Kshs 3 million.

The scheme continues to meet its objective of creating an enabling environment for optimal productivity by providing a competitive loan scheme for members of Staff. The Scheme has been beneficial to staff and has enhanced staff morale and productivity. I encourage all staff members to utilize the facility for improvement of their welfare and to maintain resilient and focused on the performance of their duties.



**FA JOHN W WANGI, EBS.**  
**CHIEF EXECUTIVE OFFICER AND MANAGING TRUSTEE**

6. Review of Unclaimed Financial Assets Authority Performance for FY 2022/2023

Strategic Pillar	Strategic Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Receive	<b>Objective 1:</b> Enhance holder compliance to ensure receipt of Kshs 100 billion of unclaimed financial assets by 2023	Holders' declaration and surrender of Unclaimed Financial Assets	Collect Kshs 4.0 billion unclaimed financial assets from holders.	Kshs 4.48 billion in cash representing 112.0 % achievement of target realized was collected. Enhancement of cash collections of UFAs from holders was attributable to Voluntary UFA Disclosure Programme executed, holders' auditing and holders' enforcement action was undertaken in addition to partnerships with other Government agencies rolled out.  In the period, UFAA was able to map out sources of UFAs through compliance partnerships, monitoring and reporting besides engaging with regulatory bodies (such as ICPAK, CBK, CMA and PSASB) on disclosure and reporting framework/roadmap for private sector entities' financial statements; strengthened holder compliance enforcement; promoted mediation/arbitration as a tool of conflict resolution with holders; undertook targeted holders' education and awareness campaigns; implemented UFAMS with a validation check on holders' reports for mandatory fields.
Pillar 2: Safeguard	<b>Objective 2:</b> Strengthen accountability and sustainability in safeguarding unclaimed financial assets	Investment rate of return  Budget funding and absorption	Attain investment income of Kshs 2.0 billion  100 % Budget funding and absorption	Kshs 2.35 billion realized, representing 118% achievement on investing activities. 100% Budget funding, with 64% budget utilization for FY 2022/23.  In the period, UFAA invested available funds in line with the approved investment policy statement (IPS) as aligned to the UFA Act; ensured safe custody of all reported UFAs; ensured optimal management of financial resources; and ensured timeliness, prudence, and transparency in reporting.
Pillar 3: Reunite	<b>Objective 3:</b> Reunite 5% received UFA as at 1 <sup>st</sup> July 2022 to the rightful owners	Reunification rate in respect to amount and number of claims processed and paid	Process and pay out claims amounting Kshs 1 billion.  Reunite 11,000 claimants.	Kshs 596 million in cash claims paid out representing 59.60 % achievement of target realized. Reunification efforts to be continually improved.  7,349 claimants reunified representing 66.81 % achievement of target.  In the period, UFAA was able to segment data using available unique primary identifiers; reviewed claims processing policy and procedures; implemented different modes of payments; provided a dedicated customer service desk; and implemented UFAM systems.

Unclaimed Financial Asset Authority  
Staff House Mortgage and Car Loan Scheme  
For the Year ended 30<sup>th</sup> June 2023

**7. Corporate Governance Statement**

The purpose of this scheme is to provide a loan scheme for the purchase or development of residential property or equity release for improvement of a residential premises by UFAA staff. In addition, it facilitates acquisition of cars of up to 8 years, for personal use by staff members.

The loans shall be administered by a mortgage finance company approved by the Board. The source of funds for the scheme shall be Authority's approved budgetary provisions and income from investments made by the scheme or other sources as approved by the Board.

#### **Committee of the Scheme**

There is an established a committee of the scheme appointed by the Chief Executive Officer (CEO) which consist of;

- (a) A staff member from HR & Administration Department who shall be the Secretary.
- (b) A staff member from Finance & Accounting Department who shall be the Chairperson.
- (c) A staff member from Legal Department.
- (d) Two (2) other staff members recommended, being one by the Management staff and the other, by non-management staff.

#### **Functions of the committee**

- a. Process and approve loan applications in accordance with the existing terms and conditions of borrowing.
- b. Liaise with the approved financial company to set up a fund for disbursement of loans for the scheme.
- c. Oversight management of the scheme.
- d. Determine procedures for conducting its business, provided that they shall meet at least once every quarter and keep minutes for their deliberations.
- e. Other functions as per the requirements of the scheme.

## 8. Management Discussion and Analysis

### Operational and financial performance

#### Loan disbursement

During the period, Ksh 36 million was disbursed, being Ksh 33 million for house mortgages and Ksh 3 million for car loans.

#### Interest charged and Loan principle.

Interest earned from undisbursed funds for the year is Kshs 1.06 million while Ksh 6.14 million was charged for loans disbursed to staff. Also, Ksh .22.711 million was repaid as loan principal from beneficiaries of the scheme. Being a revolving fund, the interest earned and principal repaid is ploughed back to the scheme.

#### Interest Income

During the year Interest income earned on undisbursed funds were Kshs 1.06 million compared to Ksh 2.56 for FY 2021/2022. The decrease is due to lower undisbursed cash compared to FY 2021-22.

#### Key projects and investment decisions the Scheme is planning/implementing.

There was no project initiated during the period.

#### Major Risks facing the Scheme.

During its formative stages, the scheme experienced queuing from applicants who came in to apply for loans. This has however stabilized with minimal applicants since over 75% of the staff have already benefited from house mortgages. The rising cost of cars present a significant challenge in uptake of car loans.

#### Compliance with statutory requirements

The scheme carries out its operations in adherence to the Public Finance Management Act and Regulations, SRC and The National Treasury laid down guidelines.

#### Material arrears in statutory/financial obligations

There were no material arrears in financial obligations.

#### Financial Probity/Governance Issues

No financial probity issues were noted during the year under review.

Following the general election held in August 2022, where the new government led by His Excellency Dr William Ruto came to office, Prof. Njuguna Ndung'u was appointed, and Ambassador Ukur Yattani was replaced as CS National Treasury and Economic Planning (and a non-executive member of the Board). In addition, Mr. Richard Kiplagat was replaced as Chairman and member of the Board with Hon Dr CPA Francis Kigo Njenga being appointed in his place. Also, Mr Joseph Kimemia was appointed as an alternate director to the CS, The National Treasury to replace Mr. Daniel Mutua in May 2023. Mr Livingstone Mburu served in the Board as a representative of the Inspector General of State Corporations.

Mr Mwai Kihu, Mr Peter Kanyua, Ms Grace Tolle and Mr Njoroge Ng'ang'a were replaced as board members on 18<sup>th</sup> August 2023 by Benson Rono Benhard, Samuel D.K Mkonu, Joyce Mwendu Mutegi and Rebecca Nabwire Osogo.

## 9. Corporate Social Responsibility/Sustainability Reporting

### Sustainability Strategy and Profile

The Authority continued to deepen its partnership engagements, with regulatory agencies and other key stakeholders. In the period under review, UFAA focused on the "whole of Government" approach, including with PSASB, CMA, Kenya Yearbook Editorial Board, Office of the Auditor General, Judiciary, NGAO and Huduma Kenya Secretariat, to support delivery of the Authority mandate.

Besides, UFAA facilitated market stabilization of the overall interest rate regime in Kenya. This action was realized through sustained investment of all unclaimed assets not required for immediate reunification in Treasury Bills at non-competitive rate thus assisting in government efforts to manage interest rates.

### Environmental Performance

UFAA has a workplace occupational Health and Safety Policy (OSH). This is the policy that guides most aspects relating to the workplace environment. In the just concluded Financial year UFAA made the following milestones some of which were as recommended in the OSHA Audit that were previously raised by the Directorate of Occupational Health and Safety in the workplace notably; improving Office ventilation; training some of the staff First AID and installation of additional First AID in all strategic points in the authority in the just concluded; training staff on fire-fighting; fitting the building premises with fire-fighting equipment including identifying a fire assembly point; enhancing office ergonomics including provision of suitable furniture to cater for staff in its bid to improve the work environment.

Going forward, the Authority aspires to mobilize resources to kickstart the process of acquiring own premises that will have provisions for all the requirements of an environmentally friendly working environment in the long term.

### Employee Welfare

Employee welfare is an area of significant interest in the Authority' operations. To this end, various policies and schemes that are geared towards welfare, gender and disability mainstreaming have been put in place. These include car and housing benefit, medical and group life insurance, pension scheme among others. In addition, the Authority has developed career guidelines as well as initiating a reward and sanctions policy to give staff career direction and to reward good performance.

Staff are continuously trained to update their skills. Staff policies and schemes are continually reviewed to ensure they address emerging needs of staff. Also, the Authority has continuously adhered to Government guidelines aimed at mitigating the risks associated with workplace illness contracted by staff. These measures include medical cover for mental health treatment, counselling services, annual medical check-ups and approved vaccinations for the staff and family members, and fumigation of office premises.

### Market place practices-

#### a) Responsible competition practice

The Authority promotes use of open tender as the preferred method of procurement to enhance competition and openness in matters procurement. Also, in line with government guidelines, the Authority ensures that the youth, women, and persons with disability are allocated 30% of all the Authority's procurement opportunities, including ensuring that 40% of all procurement opportunities are allocated to company's owned by Kenyans, through the "Buy Kenya Build Kenya" initiative.

In its procurement processes, the Authority adheres to the Public Procurement and Assets Disposal laws. This is meant to not only ensure fairness, but also promote openness in management of procurement processes.

#### b) Responsible Supply chain and supplier relations

The Authority's annually appraises vendors, and any contract extensions are based on performance. Suppliers are also periodically sensitized on new laws and regulations as well as best procurement practices on an annual basis. Finally, payments to suppliers are made within payment timelines specified in contracts or purchase and service orders.

### **c) Responsible marketing and advertisement**

#### **Customer Relationship Management**

The Authority procured & implemented a call management system to ensure efficiency in managing customer calls. To address customer complaints and suggestions, the Authority submits quarterly reports to the commission on the Administrative of Justice (Office of the Ombudsman) which among other, show how customers complaints are addressed.

CRM has helped collect customer data from various interaction touchpoints to gain insights into customer preferences and behaviour, to aid the Authority tailor marketing and awareness messages. By practicing responsible marketing, advertisement, and implementing effective CRM strategies, business can build strong relationships with their customers, enhance brand loyalty, and contribute to a more sustainable and ethical marketplace.

#### **Corruption Prevention**

To address corruption, a corruption Prevention Committee (CPC) has been put in place and two (2) integrity Officers trained by the Ethics and Anti-Corruption commission (EACC).

#### **Media Engagement**

The Authority rolled out Digital media campaign dubbed "#LabdaUmeomokaNaHaujui" to drive interest and foot-traffic through service centers such as Huduma Centre desks, claim portal and Call Centre. The campaign entailed placement of adverts on Twitter, Facebook and google display network. A campaign landing page was also created on UFAA website to generate marketing leads. Market leads generated are followed-up by way of direct SMS to encourage customers to lodge a claim.

The Authority engaged the media to provide thought leadership and update members of the press on matters of unclaimed financial assets regime. The Authority also engaged on Media Appearance on National TV and leading daily Newspapers to sensitize the public on their 'lost and found' Unclaimed Financial Assets. A reunification clinic was also held locally, and diaspora conferences done on efforts to reach and partner with Kenyans living abroad and addressing initiatives on reunification.

### **d) Product stewardship**

The Authority has continued to enhance collaboration with holders before making a decision to audit. In addition, the Authority in collaboration with Kenya Yearbook Editorial Board has published digital Quick Info bytes edition on unclaimed financial assets regime. The Quick Info bytes 21st edition covered information about unclaimed financial assets for circulation at no cost to the Authority.

#### **Corporate Social Responsibility**

##### **International Women's Day**

Unclaimed Financial Assets Authority participated in international women's day planning and implementation.

The international women's day is a global day that is used to commemorate the socio, economic, cultural, and political achievements of women. It also marks call to action for accelerating gender equality. Various events take place to celebrate socio-economic & cultural achievements of women.

The year's theme was "DigitALL: Innovation and technology for gender equality. The event was held on 2<sup>nd</sup> March, 2023 at Kenyatta International Convention Centre (KICC). The chief guest was H.E The President of the Republic of Kenya, Hon. Dr. William Samoei Ruto.



#### UFAA 'Mashinani'

At Unclaimed Financial Assets Authority, we believe in the importance of corporate social responsibility and making a positive impact in the communities where we operate. We are dedicated to conducting our business in an ethical and sustainable manner, respecting the environment, supporting diversity, inclusion and empowering our employees to give back through volunteering and charitable initiatives. Our commitment extends beyond our core business, as we seek opportunities to contribute to the well-being and advancement of society. We are continuously exploring ways to address social challenges, uplift disadvantaged communities, and promote long-term sustainable development. Together, with our stakeholders, we aspire to create a better and more equitable world for all.

To raise awareness about unclaimed financial assets, we organized a series of outreach campaigns targeting various demographics across the nation. These campaigns were designed to educate the public about the process of claiming assets and the importance of keeping their financial records up to date. The response from the public has been encouraging, leading to a rise in the number of inquiries and claims initiated. Throughout the year, we strengthened our partnerships with financial institutions, government agencies, and other relevant organizations. These collaborative efforts have streamlined the process of identifying unclaimed assets and facilitated their efficient reunification. The synergy between the Authority and these stakeholders has been crucial in expanding our reach and impact.

Unclaimed Financial Asset Authority Staff House Mortgage and Car Loan Scheme  
Annual Report and Financial Statements  
For the Year ended 30<sup>th</sup> June 2023

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**10. Report of The Board of Directors of Unclaimed Financial Assets Authority and Scheme Committee**

The Staff House mortgage and car loan scheme Administration Committee submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Staff House mortgage and car loan scheme affairs.

**1. Principal activities**

The principal activity of this scheme is to provide loans for the purchase or development of residential property or equity release for improvement of a residential premises by UFAA staff and to help employees of the Authority acquire a motor vehicle as defined under the Traffic Act CAP 403.

**2. Results**


The results of the scheme for the year ended 30 June 2023 are set out on page 1 to 5.

**3. Trustees**

The members of the Board of Directors who served the scheme sponsor during the year are shown on page iv to vi.

**4. Auditors**

The Auditor General is responsible for the statutory audit of Staff House Mortgage and Car Loan scheme in accordance with article 229 of the constitution and Public Audit Act 2015.



David Kamau  
Corporation Secretary/ Head of Legal Services

Date .....

#### 11. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a scheme established by Public Institutions shall prepare financial statements for the Staff House mortgage and car loan scheme in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Board of UFAA is responsible for the preparation and presentation of the Scheme's financial statements, which give a true and fair view of the state of affairs of the Staff House mortgage and car loan scheme for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the scheme, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the scheme; (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Board accepts responsibility for the Scheme's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board of UFAA is of the opinion that the Scheme's financial statements give a true and fair view of the state of Scheme's transactions during the financial year ended June 30, 2023, and of the scheme's financial position as at that date.


The Board further confirm the completeness of the accounting records maintained for the Scheme, which have been relied upon in the preparation of the Scheme's financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Board has assessed the Scheme's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Board to indicate that the Staff House mortgage and car loan scheme will not remain a going concern for at least the next twelve months from the date of this statement.

#### Approval of the Financial Statements

The Scheme's financial statements were approved by the Board on 13/02 202~~3~~<sup>4</sup> and signed on its behalf by:

  
F. John Mwangi, EBS  
CEO & Managing Trustee

  
Hon. Dr. CPA Francis Kigo Njenga  
Chairman

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON STAFF HOUSE MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2023 - UNCLAIMED FINANCIAL ASSETS AUTHORITY**

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### **PREAMBLE**

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Staff House Mortgage and Car Loan Scheme – Unclaimed Financial Assets Authority set out on pages 1 to 21, which comprise the statement of financial position as at 30 June, 2023 and the statement of

financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Staff House Mortgage and Car Loan Scheme – Unclaimed Financial Assets Authority as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Staff House Mortgage and Car Loan Scheme – Unclaimed Financial Assets Authority Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution and based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of the Management and Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Scheme or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Scheme's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

## **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.


As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
 FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**13 February, 2024**

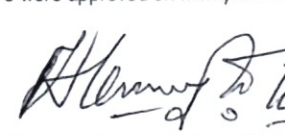
12. Statement of Financial Performance for the year ended 30th June 2023.


Description	Note	2022/23	2021/22
		Kshs. '000	Kshs. '000
Revenue from non-exchange transactions			0
Revenue from exchange transactions			
Interest income	7	1,057	2,562
Interest Charged on individual staff	8	6,139	5,586
<b>Total revenue</b>		<b>7,196</b>	<b>8,148</b>
<b>Expenses</b>			
Administration fees	9	6,139	5,586
<b>Total expenses</b>		<b>6,139</b>	<b>5,586</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets		0	0
<b>Surplus/(deficit) before tax</b>		<b>1,057</b>	<b>2,562</b>
Taxation	10	0	0
<b>Surplus/Deficit after Tax</b>		<b>1,057</b>	<b>2,562</b>

The notes set out on pages 6 to 26 form an integral part of these Financial Statements).

The financial statements on page 1 to 5 were approved on 13/02 2024 by:

  
C.E.O & Managing Trustee  
FA. John Mwangi, EBS

  
Manager Finance & Accounting  
CPA, Henry Taabu  
ICPAK Member Number: 5413

  
Chairman of the UFAA Board  
Hon. Dr. CPA, Francis Kigo Njenga

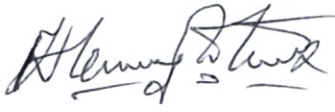
13. Statement of Financial Position as at 30th June 2023

Description	Note	2022/23	2021/22
		Kshs. '000	Kshs. '000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	44,796	57,389
Staff house mortgage and car loan not Credited	12(b)	4,470	3,736
Receivables from Non- exchange transactions			
<b>Total Current Assets</b>		<b>49,266</b>	<b>61,124</b>
<b>Non-current assets</b>			
Receivables-Staff House Mortgage	12 (a)	198,871	183,484
Receivables-Car Loan Mortgage	12 (a)	11,016	13,487
		<b>209,887</b>	<b>196,971</b>
<b>Total assets</b>		<b>259,153</b>	<b>258,095</b>
<b>Liabilities</b>			
Trade and other payables			
Total Current Liabilities			
<b>Total liabilities</b>		<b>0</b>	<b>0</b>
<b>Net assets</b>			
Car loan revolving Staff House mortgage and car loan scheme	13	25,000	25,000
Mortgage revolving fund	13	224,610	224,610
Accumulated surplus (Reserves)		9,543	8,485
<b>Total net assets and liabilities</b>		<b>259,153</b>	<b>258,095</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The

Staff House mortgage and car loan scheme financial statements were approved on 13/02 2023 and signed by:

  
C.E.O & Managing Trustee  
FA. John Mwangi, EBS

  
Manager Finance & Accounting  
CPA, Henry Taabu  
ICPAK Member Number: 5413

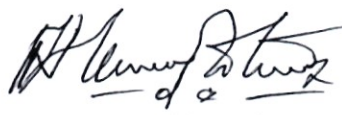
  
Chairman of the UFAA Board  
Hon. Dr. CPA, Francis Kigo Njenga


14. Statement of Changes in Net Assets for the year ended 30th June 2023

Description	Mortgage Fund	Car Loan Fund	Accumulated surplus	Total
	Kshs. '000	Kshs. '000	Kshs. '000	Kshs. '000
<b>As at 1 July 2021</b>	224,610	25,000	5,923	255,533
Surplus/(deficit) for the period	0	0	2,562	2,562
Funds received during the year	0	0	0	0
Transfers from the scheme	0	0	0	0
<b>As at 30 June 2022</b>	224,610	25,000	8,485	258,095
<b>Balance as at 1 July 2022</b>	224,610	25,000	8,485	258,095
Surplus/(deficit) for the period	0	0	1,057	1,057
Funds received during the year	0	0	0	0
Transfers from the scheme	0	0	0	0
<b>As at 30 June 2023</b>	224,610	25,000	9,542	259,152

The financial statements on page 1 to 5 were approved on 13/02 2024 by:

  
 C.E.O & Managing Trustee  
 FA. John Mwangi, EBS

  
 Manager Finance & Accounting  
 CPA, Henry Taabu  
 ICPAK Member Number: 5413

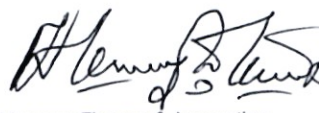
  
 Chairman of the UFAA Board  
 Hon. Dr. CPA, Francis Kigo Njenga

15. Statement of Cash Flows for the year ended 30th June 2023

Description	Note	2021/22 Kshs. '000	2020/21 Kshs. '000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest Income received	7	1,057	2,562
<b>Total receipts</b>		<b>1,057</b>	<b>2,562</b>
<b>Payments</b>			
Employee costs		0	0
Use of goods and services		0	0
Finance cost		0	0
<b>Total payments</b>		<b>0</b>	<b>0</b>
<b>Net cash flow from operating activities</b>		<b>1,057</b>	<b>2,562</b>
<b>Cash flows from investing activities</b>			
Proceeds from loan principal repayments		22,413	14,756
Loan disbursements paid out	14	(36,062)	(32,139)
<b>Net cash flows used in investing activities</b>		<b>(13,649)</b>	<b>(17,383)</b>
<b>Cash flows from financing activities</b>			
Receipts into the mortgage revolving Staff House mortgage and car loan scheme	13	0	0
Receipts into the car loan revolving fund	13	0	0
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(12,592)</b>	<b>(14,821)</b>
Cash and cash equivalents at 1 July 2022		57,389	72,210
<b>Cash and cash equivalents at 30 June 2023</b>	11	<b>44,797</b>	<b>57,389</b>

The financial statements on page 1 to 5 were approved on <sup>13/02</sup>.....2023 by:

  
C.E.O & Managing Trustee  
FA. John Mwangi, EBS

  
Manager Finance & Accounting  
CPA, Henry Taabu  
ICPAK Member Number: 5413


  
Chairman of the UFAA Board  
Hon. Dr. CPA, Francis Kigo Njenga

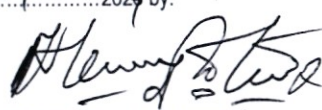
16. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2023


Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs. '000	Kshs. '000	Kshs. '000	Kshs. '000	Kshs. '000	
	A	B	C=(a+b)	D	e=(c-d)	F=d/c
<b>Revenue</b>						
Balance of scheme funds	61,124	-	61,124	49,266	(11,858)	80.60%
Transfers from UFAA	-	-	-	-	-	-
Additions from repayments	30,000	-	30,000	22,711	(7,289)	75.70%
Interest income	7,150	-	7,150	7,196	46	100.64%
Other income	-	-	-	-	-	-
<b>Total Revenue</b>	<b>98,274</b>	<b>-</b>	<b>98,274</b>	<b>79,173</b>	<b>(19,101)</b>	<b>80.56%</b>
<b>Expenses</b>						
Disbursements	91,124	-	91,124	36,062	(55,062)	39.57%
Administrative cost	7,150	-	7,150	6,139	(1,011)	85.86%
Finance cost	-	-	-	-	-	-
<b>Expenditure</b>	<b>98,274</b>	<b>-</b>	<b>98,274</b>	<b>42,201</b>	<b>(56,073)</b>	<b>42.94%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,972</b>		
<b>Capital Expenditure</b>						

- Actual disbursements were less than the target disbursements of funds in the scheme due to the delay in finalizing recruitment for additional staff who had been targeted for applications/disbursements.
- Reconciliation of the statement of financial performance and statement of comparison of budget and actual is provided as note 18.

The financial statements on page 1 to 5 were approved on 13/02 2024 by:

  
 C.E.O & Managing Trustee  
 FA. John Mwangi, EBS

  
 Manager Finance & Accounting  
 CPA, Henry Taabu  
 ICPAK Member Number: 5413

  
 Chairman of the UFAA Board  
 Hon. Dr. CPA, Francis Njenga

## **17. Notes to the Financial Statements**

### **1. General Information**

Staff House mortgage and Car loan scheme is established by and derives its authority and accountability from PFM Act. The Staff House mortgage and car loan scheme is wholly owned by Unclaimed Financial Asset Authority. The Mortgage scheme principal activity is to provide a loan scheme for the purchase or development of a residential property or equity release or improvement of a residential premise and to help staff of the Authority to acquire motor vehicles.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the scheme's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the scheme. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### **3. Adoption of New and Revised Standards**

#### **i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023**

Standard	Impact
<b>IPSAS 41: Financial Instruments</b>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p>The standard is not relevant to the scheme as at 30<sup>th</sup> June 2023.</p>
<b>IPSAS 42: Social Benefits</b>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ol> <p>The standard is not relevant to the scheme as at 30<sup>th</sup> June 2023.</p>
<b>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</b>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <ol style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ol> <p>The standard is not relevant to the scheme as at 30<sup>th</sup> June 2023.</p>
<b>Other improvements to IPSAS</b>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul> <p>The standard is not relevant to the scheme as at 30<sup>th</sup> June 2023.</p>

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023**

Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The standard is not relevant to the scheme as at 30<sup>th</sup> June 2023.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The standard is not relevant to the scheme as at 30<sup>th</sup> June 2023.</p>

iii. **Early adoption of standards**

The scheme did not early – adopt any new or amended standards in the financial year.

4. **Significant Accounting Policies**

a) **Revenue recognition**

i. **Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Staff House mortgage and car loan scheme and can be measured reliably.

ii. **Revenue from exchange transactions**

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b. Budget information**

There was no additional funding allocated to Staff house mortgage and Car loan scheme during for FY 2022/23. Subsequent there was no revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. There were no additional appropriations added to the original budget by the Staff House mortgage and car loan scheme upon receiving the respective approvals in order to conclude the final budget.

**c. Property, plant, and equipment (PPE)**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Staff House mortgage and car loan scheme recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**d. Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

**e. Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over the loan period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

**f. Financial instruments**

**i. Financial assets**

***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments; Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Staff House mortgage and car loan scheme determines the classification of its financial assets at initial recognition.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Staff House mortgage and car loan scheme has the positive intention and ability to hold it to maturity. After initial measurement, held-to-

maturity investments are measured at amortized cost using the effective interest method, with less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

#### **Impairment of financial assets**

The Staff House mortgage and car loan scheme assesses at each reporting date whether there is objective evidence that a financial asset or a Staff House mortgage and car loan scheme of financial assets is impaired. Management then follows the procedure required by Regulation 145 of the PFM Act. A financial asset of the Staff House mortgage and car loan scheme is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (*an incurred 'loss event'*) and that loss event has an impact on the estimated future cash flows of the Staff House mortgage and car loan scheme that can be reliably estimated. Evidence of impairment may include the following indicators:

1. The debtors of the Staff House mortgage and car loan scheme are experiencing significant financial difficulty.
2. Default or delinquency in interest or principal payments
3. The probability that debtors will enter bankruptcy or other financial reorganization
4. Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

#### **ii. Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Staff House mortgage and car loan scheme determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

#### **g. Contingent liabilities**

The Staff House mortgage and car loan scheme does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

#### **h. Contingent assets**

The Staff House mortgage and car loan scheme does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Staff House mortgage and car loan scheme in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

#### **i. Nature and purpose of reserves**

The Staff House mortgage and car loan scheme creates and maintains reserves in terms of specific requirements.

The Scheme has a reserve, which consists of accumulated surplus/deficit realised during the year and in prior years.

#### **j. Changes in accounting policies and estimates**

The Staff House mortgage and car loan scheme recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**k. Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**l. Related parties**

The Staff House mortgage and car loan scheme regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the scheme, or vice versa. Members of key management are regarded as related parties and comprise the Directors/ Trustee, the Staff House mortgage and car loan scheme committees

**m. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at commercial banks at the end of the financial year.

**n. Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**o. Events after the reporting period**

There were no material adjusting and non-adjusting events after the reporting period.

**p. Ultimate and Holding Fund**

The Staff House mortgage and car loan scheme is established under Section 24 (4) PFM Act under the Department of xxx/ State Corporation. Its ultimate parent is the Government of Kenya.

**q. Currency**

The financial statements are presented in Kenya Shillings (Kshs.).

**Significant Accounting Policies (Continued)**

**5. Significant judgments and sources of estimation uncertainty**

The preparation of the scheme's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**a) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the scheme. Such changes are reflected in the assumptions when they occur. (see *IPSAS 1.140.*)

**b) Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- i. The condition of the asset is based on the assessment of experts employed by the scheme
- ii. The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii. The nature of the processes in which the asset is deployed
- iv. Availability of funding to replace the asset
- v. Changes in the market in relation to the asset

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 Staff House Mortgage and Car Loan Scheme  
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Notes to the Financial Statements

6. Transfers from the Parent Ministry/SC/SAGA

Description	2022/23	2021/22
	Kshs. '000	Kshs. '000
Transfers from Government entities– operations	0	0
Payments by Government entity on behalf of the scheme	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

7. Interest income

Description	2022/23	2021/22
	Kshs. '000	Kshs. '000
Interest Income on Bank Deposits	1,057	2,562
<b>Total Interest Income</b>	<b>1,057</b>	<b>2,562</b>

8. Other income

Description	2022/23	2021/22
	Kshs. '000	Kshs. '000
Interest charged on loans to individual staff	6,139	5,586
<b>Total Other income</b>	<b>6,139</b>	<b>5,586</b>

Unclaimed Financial Asset Authority  
Staff House Mortgage and Car Loan Scheme  
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Notes to the Financial Statements continued

9. Expenses

Description	2022/23	2021/22
	Kshs. '000	Kshs. '000
Administration fees-Interest charged on loans disbursed	6,139	5,586
<b>Total</b>	<b>61,39</b>	<b>5,586</b>

10. Taxation

Description	2022/23	2021/22
	Kshs. '000	Kshs. '000
Income tax charge	0	0
Tax Charged On Interest Income	0	0
<b>Income Tax expense</b>	<b>0</b>	<b>0</b>

11. Cash and cash equivalents

Description	2022/23	2021/22
	Kshs. '000	Kshs. '000
Staff House mortgage and Car Loan Account	44,797	57,389
<b>Total Cash and Cash equivalents</b>	<b>44,797</b>	<b>57,389</b>

Detailed analysis of the cash and cash equivalents in banks approved by National Treasury in line with Section 28 of the PFM Act are as follows:

Financial Institution	Account number	2022/23	2021/22
		Kshs. '000	Kshs. '000
<b>Staff House mortgage and car loan scheme</b>			
HF Bank		44,797	72,210
<b>On- Call Deposits</b>			
HF Bank		0	0
<b>Sub- Total</b>			
<b>Current Account</b>			
<b>Grand Total</b>		<b>44,797</b>	<b>72,210</b>

12 (a) Receivables from exchange transactions

Description	2022/23	2021/22
	Kshs. '000	Kshs. '000
<b>Current Receivables</b>		
<b>Non-Current Receivables</b>		
Long Term Loan Repayments -Staff House Mortgage	198,871	183,415
Long Term Loan Repayments -Car Loan Scheme	11,016	13,487
<b>Total Non- Current Receivables</b>	<b>209,887</b>	<b>196,902</b>
<b>Total Receivables from Exchange Transactions</b>	<b>209,887</b>	<b>196,902</b>

Unclaimed Financial Asset Authority  
 Staff House Mortgage and Car Loan Scheme  
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**12 (b) Staff House Mortgage and Car Loan not Credited**

Description	2022/23	2021/22
	Kshs. '000	Kshs. '000
Staff House Mortgage	3,197	2,748
Car Loan scheme	1,273	988
<b>Total</b>	<b>4,470</b>	<b>3,736</b>

These are loan recoveries done and remitted at the end of financial year but reflected in the books the following month

**13. Transfers from UFAA**

Description	2022/23	2021/22
	Kshs. '000	Kshs. '000
Balances Brought forward	249,610	249,610
Transfer from UFAA -Staff House Mortgage	-	-
Transfer from UFAA -Car Loan Scheme	-	-
<b>Total</b>	<b>249,610</b>	<b>249,610</b>

Notes to the Financial Statements continued

14. Statement of Scheme Performance

During the year successful applications for Staff house mortgage were 3 for staff house mortgage amounting to KSh 36.06 million and 2 for Car Loan scheme for KSh 3.0 million as per the below table.

Scheme Performance

Scheme	2022-23		2021-22	
	No of Applications	Kshs. '000	No of Applications	Kshs. '000
Staff House Mortgage	3	33,062	3	25,997
Car Loan Scheme	2	3,000	3	6,142
<b>Total</b>	<b>5</b>	<b>36,062</b>	<b>6</b>	<b>32,139</b>

Notes to the Financial Statements continued

15. Net cash flows from operating activities

	2022/23	2021/22
	Kshs. '000	Kshs. '000
Surplus/ (deficit) for the year before tax	0	0
<b>Adjusted for:</b>		
Depreciation	0	0
Amortisation	0	0
Gains/ losses on disposal of assets	0	0
Interest income	1,057	2,562
Finance cost	0	0
<b>Working capital adjustments</b>		
Increase in inventory	0	0
Increase in receivables	0	0
Increase in payables	0	0
<b>Net cash flow from operating activities</b>	<b>1,057</b>	<b>2,562</b>

Other Disclosures

16. Financial risk management

The Staff House Mortgage and Car Loan scheme activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Scheme's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Staff House mortgage and car loan scheme does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The scheme's financial risk management objectives and policies are detailed below:

a) Credit risk

The Staff House mortgage and car loan scheme has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the scheme's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the scheme's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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Description	Total amount Kshs. '000	Fully performing Kshs. '000	Past due Kshs. '000	Impaired Kshs. '000
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions-Car loans and mortgages	183,415	179,664	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	57,389	72,210	0	0
<b>Total</b>	<b>240,804</b>	<b>251,874</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2023</b>				
Receivables From Exchange Transactions- Car loans and mortgages	209,887	183,415	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	44,797	57,389	0	0
<b>Total</b>	<b>254,684</b>	<b>240,804</b>	<b>0</b>	<b>0</b>

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Staff House mortgage and car loan scheme has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Staff House mortgage and car loan scheme has significant concentration of credit risk on amounts due from xxx.

The board of trustees sets the scheme's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Staff House mortgage and car loan scheme Administrator, who has built an appropriate liquidity risk management framework for the management of the scheme's short, medium, and long-term funding and liquidity management requirements. The Staff House mortgage and car loan scheme manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Staff House mortgage and car loan scheme under non-derivative financial liabilities by their remaining contractual maturities at the reporting date.

in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month Kshs. '000	Between 1-3 months Kshs. '000	Over 5 months Kshs. '000	Total Kshs. '000
<b>At 30 June 2022</b>				
Trade Payables	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2023</b>				
Trade Payables	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**c) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the Staff House mortgage and car loan scheme on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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 Staff House Mortgage and Car Loan Scheme  
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Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the scheme's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

UFAA's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the scheme's exposure to market risks or the manner in which it manages and measures the risk.

**d) Interest rate risk**

Interest rate risk is the risk that the scheme's financial condition may be adversely affected as a result of changes in interest rate levels. The scheme's interest rate risk arises from bank deposits. This exposes the Staff House mortgage and car loan scheme to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the scheme's deposits.

**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**Sensitivity analysis**

The Staff House mortgage and car loan scheme analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs. 10 (2018: Kshs. 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs. 50 (2018 – Kshs. 0)

**e) Capital risk management**

The objective of the scheme' capital risk management is to safeguard the scheme's ability to continue as a going concern. The Staff House mortgage and car loan scheme capital structure comprises of the following funds:

Description	2022/23	2021/22
	Kshs. '000	Kshs. '000
Revolving fund	249,610	249,610
Accumulated surplus ( <i>Reserves</i> )	9,543	8,485
<b>Total funds</b>	<b>259,153</b>	<b>258,095</b>
Less: cash and bank balances	44,797	57,389
Net debt/(excess cash and cash equivalents)	214,356	200,706
<b>Gearing</b>	<b>82.71%</b>	<b>77.76%</b>

**Other Disclosures Continued**

**17. Related party balances**

**i. Nature of related party relationships**

Entities and other parties related to the Staff House mortgage and car loan scheme include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The scheme is related to the following entities:

- a. Unclaimed Financial Asset Authority
- b. Key management.
- c. Management Committee

**ii. Related party transactions**

- a. Transfers from related parties

Description	2022/23	2021/22
	Kshs. '000	Kshs. '000
Transfers from related parties	0	0

**18. Reconciliation of Statement of financial Performance and statement of comparison of Budget and Actual**

Item	Amount (Kshs '000)
Surplus as per Statement of comparison of Budget and actual	36,972
Add: Disbursements	36,062
	<b>73,034</b>
Less: Balances brought forward	49,266
Less: Repayments	22,711
Balance as per Statement of Performance	<b>1,057</b>

19. Annexes

**Annex I: Progress on Follow Up of Prior Year Auditor's Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
None	None	None	None	None

Date.....

**Annex II: Inter-Staff House mortgage and car loan scheme Confirmation Letter**

The UFAA Staff House mortgage and car loan scheme wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by UFAA staff house and car loan scheme as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by UFAA (KSh) as at 30 <sup>th</sup> June 2023				Amount Received by (Kshs) as at 30 <sup>th</sup> June 2021 (E)	Differences (KSh. '000) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

In confirm that the amounts shown above are correct as of the date indicated.

Manager Finance & Accounting:  
 Name Henry Kaban Sign [Signature] Date 13/02/2024

Unclaimed Financial Asset Authority  
 Staff House Mortgage and Car Loan Scheme  
 For the Year ended 30<sup>th</sup> June 2023

**Annex III: Reporting of Climate Relevant Expenditures**

Name of the Organization: UFAA Staff House and car mortgage scheme

Telephone Number: +254706866984

Email Address: info@ufaa.go.ke

Name of CEO/MD/Head: John Mwangi

Name and contact details of contact person (in case of any clarifications): N/A

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

Unclaimed Financial Asset Authority  
 Staff House Mortgage and Car Loan Scheme  
 For the Year ended 30<sup>th</sup> June 2023

**Annex IV: Disaster Expenditure Reporting Template**

Date: N/A

Scheme: N/A

Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
None	None	None	None	None	None	None